Pocket PC: TAB Overview

Kevin Shields
Product Unit Manager
Pocket PC

Agenda

- What this presentation is (not)
  - What it probably should be ain't what it is…
- Mobile Devices Division Snapshot
- Pocket PC Quick History
- Pocket PC 2000 Goals/Features
- Pocket PC Futures
- Wireless Technologies Landscape
- Competition
- Pocket PC Key Issues/Challenges

MDD Snapshot

Paul Gross, SVP Collaboration & Mobility Group

Ben Waldman, VP Mobile Devices Division

- Feature Phone, Robert Ohara
  - "Tiberius", "Attila", "Genghis"
- Smart Phone, Bill Verthein
  - "Stinger"
- Pocket PC, Kevin Shields
  - "Rapier", "Merlin", "Peregrine"
- Marketing, Rogers Weed

peregrine

Pocket PC History

- 1996 Palm Pilot (post Newton)
- 1998 Palm-sized PC 1.0 "Gryphon", Palm III
- 1999 Ps/PC 2.0 "Wyvern", Palm V & VII
- 2000/January Palm Rules
  - 75%+ market (~3.5m units), 90% of reviews
- 2000/April Pocket PC 2000 "Rapier"
  - Winning ~85% of reviews
- PDA Category with strong growth forecasts
  - FY03 ~26m units (11m wireless)

Rapier Strategy

As good as Palm + a whole lot more…

1. Simple PIM, UI & Sync (parity with Palm)
   - Simple, simple, simple. FAST. Robust. Simple.
2. Extend beyond Palm OS (Redefine space)
   - Extended enterprise story (pExcel, pWord, etc.)
   - Extended consumer story (Media, Games, etc.)
   - Relegate Palm to 'organizer' status
3. Foster hardware innovation
4. Win reviews, gain market share

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Rapier Features

- New shell model
  - Ok with no cancel
  - Start bar on top
  - Menus on bottom
- New web look & feel
  - Flat look & feel
  - Pages vs. dialogs
  - Single tap
- Updated pOutlook
  - New list and card views
  - Design consistency
  - IMAP4 Support
- Pocket Internet Explorer
  - HTML 3.2, XML, SSL, etc.
- Integrated Notes
  - Voice & ink
- Pocket Word & Excel
- Media Player
  - MP3 & WMA
- eBook Reader
  - ClearType Enabled
- Pocket Streets
- Pocket Money
- Greatly improved Sync

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Merlin (Pocket PC 2001)

Goal: Sustain P/PC through xMas 2001

- H/W innovation ala Palm (min s/w change)
- Drive 3rd party innovation
- Low hanging wireless plumbing

Schedule:

- Beta Q4/2000
- RTM Q1/2001

Merlin Features

- Integrated Radio 'Support'
  - Signal strength, battery indicators
- Streamlined connect/disconnect
  - Make circuit data more palatable
- Extend mail transports (hotmail/icq/sms)
- Support WAP/WML (3rd party app)
- Limited Bluetooth support (phone as modem)
- 3rd party server sync (XTND)
- Bug fixes
- OEMs can build in voice (not native)

pebble

Peregrine (Pocket PC 2002)

Goal: The *best* wireless PDA

- Complete redesign for wireless
  - Wholesale rethinking of product
- Assure complete end user experience
  - MS hardware design
- Dominate reviews, win Carriers, achieve > 50% market share

Schedule:

- Beta/Trials Q4 2001
- RTM Q1 2002

Peregrine Vision

...goes with me everywhere

...keeps me in touch with others

...organizes my life

...tells me things I need to know

...entertains me in my spare time

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Peregrine Features

- Full wireless redesign
  - Blue tooth required: Rich application/standards support
  - Support 802.11, GSM (GPRS), CDMA (wCDMA), EDGE?, CDPD?
  - Assume packet data, push functionality
- Integrated voice support
  - Headset as design point, assume limited calls
  - Support both "one body" and "two body"
- Great wireless messaging
  - Very rich email solution – best mobile Exchange client
  - FAST (QOS) and SMART (COS)
  - IM/SMS/Vmail integration

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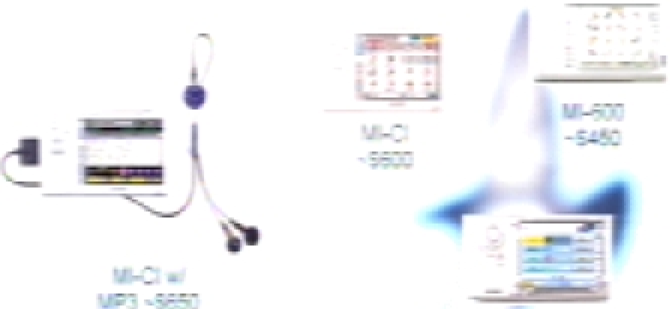
Wireless Technologies

- Refer to handouts…

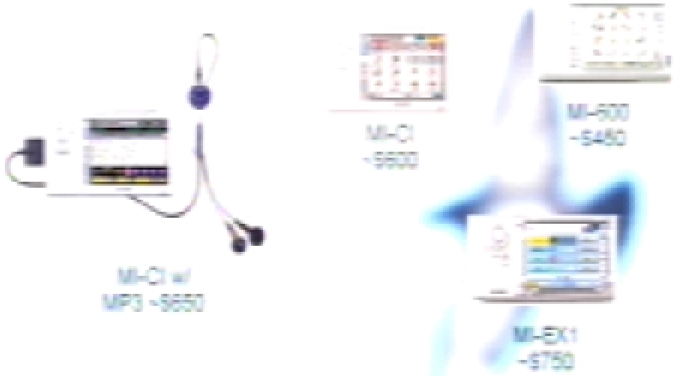
Competition: Sharp



Strengths: Strong JPN brand (Zaurus), stunning screen technologies, ability to innovate rapidly, broad engineering expertise, wireless experience (PHS)

Vulnerabilities: Poor dev tools, poor enterprise story, no NA or EURO presence, poor non-JPN UI

Competition: Sharp



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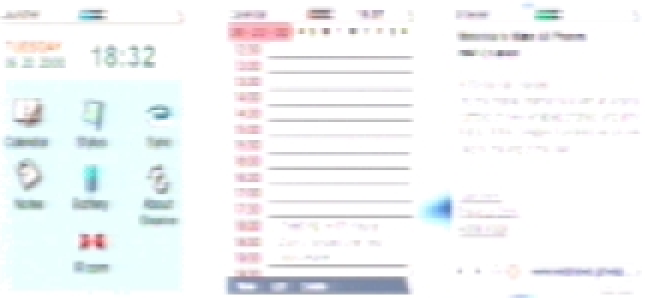
Competition: Linux



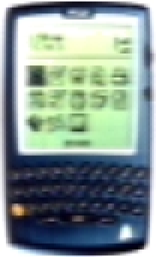
Screen shots from http://henzai.com/en/product.html (Gnome derivative UI)

Strengths: Large dev community, OEM interest (Compaq, et. al.), most of the protocols & plumbing done, smaller efforts lend well to open source?

Vulnerabilities: No real app suite (yet), limited hardware options, no wireless 'experience', limited investment

Competition: RIM

RIM 950
$399/$50



RIM 957
$499/$50

- Strengths: Wireless experience, carrier relationships, simple/effective UI, good/great input, growing enterprise story, good/improving OOBE
- Vulnerabilities: Limited platform, weak wide bandwidth expertise, high unit cost, no globalization story

Competition: Palm

Palm IIIe/xe $149/249 | Palm V/Vx $319/399 | Palm IIIc $449 | Palm VII <$449>$50 | Handspring Visor/Delux $179/249

Signed OEMs: Handspring, Sony, Nokia, Philips, others?

- Strengths: Position/momentum, broad range with low cost, huge 3rd party innovation, market cap, understands wireless future, focused & aggressive
- Vulnerabilities: Limited platform, weak enterprise story, ability to innovate software?, being a platform is NOT easy (multi-OEM distractions)

Competition: Palm, cont.

UbiNetics GDA 100
Palm V GSM Sled
~$300

Rand McNally Streetfinder
GPS for Palm V/Vx
$199

Competition: Symbian

- Partnership between Psion, Nokia, Ericsson, Motorola, and Panasonic
- Based on Psion EPOC OS, products in 2000 (Ericsson Quartz Q2/01?)

Strengths: Wireless & PDA experience, aligned with Sun/Java, good/trusted brand names, aggressive

Vulnerabilities: Lots of cooks with conflicting agendas, confusing technology mix, limited experience in palm form factor

How we make money...

- Nominal royalty per unit
- Drive server revenue via per user access licenses
  - Past: One time CAL ~every 18 months
  - Future: Recurring SAL every 1month/user
- Exchange/Airstream as 'beach head' for SAL model
  - Must grow service offerings over time
    - Hence need for richer clients
  - Location based info, streaming media, etc.
- Why does it work?
  - Leveraging MS asset, established model (phone.com), shared risk/reward

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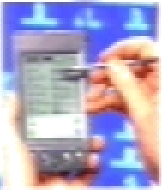

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What markets we target

- Customer: Who *buys* our products?
  1. Carrier: Wireless operators
     - Carriers are also distributors
  2. Enterprise: Organizations deploying solutions
  3. User: Individuals
- Users: Who *uses* our products?
  1. Mobile Worker
     - Core vs. fringe segmentations
  2. Consumer
     - Particularly Mobile Worker *as a consumer*

Pocket PC Key Challenges

1. Hardware: Value of OEMs?

- Carriers hold immediate power
  - Who owns the portal?
  - OEMs want service revenue (*also*)
- Poor support from OEMs to date
  - Lack of units in channel, uninspired designs
  - Poor commitment (Compaq & Linux), conflicting agendas
  - Multiple CPUs, joint development, Nx effort to release, very inflexible dates, updates hard
- Differentiation <> Good?
  - Optimized technology (ClearType, performance, etc.)
  - Fostering 3rd party innovation (accessories)

Pocket PC Key Challenges

2. Platform or Product?

- Not succeeding as either
  - 5% market share (growing)
  - OEM/vertical innovation stifled from lack of 'smorgasbord' approach
- Product quid pro quo to platform success?
- Driving partners to competitors
  - OEMs want to comoditize the software platform

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Pocket PC Key Challenges

3. Business Model/Justification

- Hard to quantify Pocket PC as driver of SAL licenses
- Existence based largely on the notion of "extended services" in the future
  - What are those services exactly?
- Without services revenue it is a major money losing proposition today

Pocket PC Key Challenges

4. Release inflexibility

- Lots of effort to release a version
- Always connected implies on the fly updates
- Should we be going to web applets/xml/caching model?
- Inflexible UI design (pixel perfection as a requirement)
    - Leveraging AUI
    - Ex: Need for landscape, Stinger UI duplication, etc.

The Peanut Gallery
Is Now Open…

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